

TRANSFER OF PROPERTY

Purpose: This category describes how to compute the period of disqualification when a client transfer property to qualify for cash and food assistance benefits and when the disqualification can be shortened for cash assistance programs.

WAC 388-488-0005 Transfer of property to qualify for cash assistance.

This rule applies to cash assistance programs only and does not affect Medicaid eligibility for a person who is not institutionalized. For transfer of property for institutional medical see WAC 388-513-1365.

- (1) An assistance unit is disqualified from receiving benefits when it transferred or transfers real or personal property for less than its market value in an attempt to qualify for benefits:
 - (a) Two years prior to the date of application;
 - (b) During the application process; or
 - (c) Anytime while receiving benefits.
- (2) When an assistance unit transferred property for less than its fair market value in an attempt to qualify for benefits, the disqualification period:
 - (a) For applicants, begins the first day of the month the property was transferred.
 - (b) For recipients, begins the first day of the month after the month the property was transferred.
- (3) To determine the number of months an assistance unit will be disqualified, divide the uncompensated resource value of the transferred property by the state gross median income. The uncompensated resource value is the equity value minus the amount the client received when transferring a resource.
- (4) An assistance unit can provide evidence to clarify the reasons for transferring the property when the department presumes that the assistance unit transferred the property in an attempt to qualify for benefits.

- (5) The benefits received by an assistance unit are not affected by the transfer of separate property of a spouse who is not a member of the assistance unit.
- (6) An assistance unit's disqualification period is reduced when the client:
 - (a) Verifies undue hardship will exist if the benefits are denied such as an eviction;
 - (b) Secures a return of some or all of the transferred property or the equivalent value of the transferred property;
 - (c) Verifies an unforeseen change in circumstances such as extensive hospitalization; or
 - (d) Is responsible for and can verify medical expenses.
- (7) When a disqualification period has been adjusted and the client is otherwise eligible, benefits will be authorized. Any benefits authorized because of the reason(s) in subsection (6) of this section, are not considered an overpayment.

CLARIFYING INFORMATION

- 1. Adequate consideration exists when the value of the goods or services received in exchange for the transferred property is equal to the value of the property transferred.
- 2. The market value of the transferred item acts as the guide to the value.
- 3. Acceptable reasons a client may have transferred property for less than its market value include, but are not limited to:
 - a. The client transferred the property because they were a victim of fraud, misrepresentation or coercion. The client must attempt and continue to attempt to recover the property or its equivalent value;
 - b. The client was not receiving assistance at the time of the transfer and the client did not foresee a need for assistance;
 - c. The property was transferred to a spouse because of a divorce or legal

separation settlement approved by, or ordered by, a court;

- d. The client held the title only as a trustee for the use and benefit of another person and the client did not have beneficial interest;
- e. The transfer was to clear title to the property in which the client did not have beneficial enforceable interest;
- f. The client can show that the transfer would not have affected their eligibility for benefits if they had retained the property;
- g. The child(ren) in the assistance unit transferred their income or resources, up to \$4,000, into an irrevocable educational trust, designated for that child's future educational use;
- h. The client's attorney suggested the client accept the amount to finalize the settlement;
- i. The client has little or no business knowledge or experience; or
- j. The client and their family had to move to accept employment or training or to retain a cohesive family unit.

WORKER RESPONSIBILITIES

1. **Determine the number of months the assistance unit's benefits will be disqualified** if the client's explanation is unacceptable. To calculate the number of disqualification months:
 - a. Determine the uncompensated value of the transferred property. The uncompensated value is equal to the value of the transferred property minus:
 - (1) Encumbrances (amount owed); and
 - (2) The amount received.
 - b. Determine the state median income for a family of the same size as the assistance unit for the month and year they transferred the property. Adjust the state median income for those months the assistance unit size changed.

- c. Divide the uncompensated value of the transferred property by the state median income and round down the result to obtain the number of full months in the disqualification period. If the result is less than one month, there is no disqualification period.
- d. Document in ACES how the number of disqualification months were calculated.

EXAMPLE

A client and her child were approved for TANF on 9-1-97. The client owned a **second** home when she was first approved for assistance but never declared it to the department. The client paid \$30,000 for the home and owed \$20,000 on the mortgage.

On 12-20-97 the department discovers the client owned the home and proposes a 12-31-97 termination.

The client responds by 12-30-97 and provides evidence that she Quit-Claimed the home to her sister, free and clear, on 11-30-97. The sister will be making all future mortgage payments on the home. The quick-sale value of the home on 11-30-97 was \$40,000.

Result: The client gave the home to her sister to maintain eligibility for benefits.

Determine the uncompensated value:

In this example; the value of the transferred home is \$40,000, minus the encumbrances, \$20,000, and minus the amount the client received, \$0. The transferred property's uncompensated value is \$20,000.

Determine the State Median Income (see Appendix I):

For a two-person assistance unit, the monthly state median income was \$2,801 in 1997.

Determine the number of months in the disqualification period:

Divide the uncompensated value of the transferred home, \$20,000, by the

state median income of \$2,801 for 12-97. This equals 7.14. Round 7.14 down to 7. The disqualification period lasts 7 months.

Determine the beginning and ending month of the disqualification period:

- (1) The disqualification period starts 12-1-97 and ends 7 months later, 6-30-98 because this client was a recipient at the time of the transfer.
- (2) If the client had applied for benefits on 12-2-97 and told the department she had transferred the home on 11-30-97, the disqualification period would begin on 11-1-97. The assistance unit would be ineligible for 7 months, through 5-31-98.

Determine if an overpayment exists:

- (1) If a recipient transfers a non-exempt resource that would make the recipient ineligible for cash assistance, establish an overpayment for the period of time the client received assistance while owning the resource.
- (2) If the client received cash assistance after transferring the resource, establish an overpayment for assistance received during the disqualification period.

In the example above, the client was ineligible for benefits from 9-1-97 through 11-20-97 due to excess resources and for the month of 12-97, as 12-97 was a disqualification month. the property and were ineligible for benefits.

WAC 388-488-0010 Transfer of property to qualify for food assistance.

- (1) An assistance unit is disqualified from the program when it transfers a resource to qualify or attempt to qualify for benefits:
- (a) Three months prior to the month of application; or
 - (b) Beginning the month the household is approved for benefits.
- (2) The length of disqualification depends on the dollar amount the household is over the resource limit. The countable resources transferred are added to the assistance unit's other countable resources. This total is compared to the resource limit. The amount in excess of the resource limit is located on the chart below to determine the length of the disqualification period.

Amount Over the Resource Limit	Disqualification Period
\$ 0 - \$ 249.99	1 month
250 - 999.99	3 months
1,000 - 2,999.99	6 months
3,000 - 4,999.99	9 months
5,000 and over	12 months

- (3) The disqualification period begins:
- (a) For applicants, the month of application; or
 - (b) For recipients, the first of the month after the advance notice period expires.
- (4) An assistance unit will not be disqualified for transferring the following:
- (a) Excluded resources that do not affect eligibility;
 - (b) Resources sold or traded at or near fair market value (FMV);
 - (c) Resources transferred between assistance unit members of the same household including ineligible household members; and

(d) Resources transferred for reasons other than to qualify for benefits.

CLARIFYING INFORMATION:

1. Reasons that substantiate intent of transfer was not to qualify for food assistance:
See #3 under Clarifying Information for WAC 388488-0005.
2. Examples of resources that do not affect eligibility, include, but are not limited to:
 - a. Excluded resources; and
 - b. Resources with a value, in addition to the household's other countable resources, which is below the assistance unit's resource limit.
3. A recipient's period of disqualification begins the first month after the advance notice period expires. See **NOTICES and LETTERS**.
4. Clients that were categorically eligible (CE) for food assistance benefits due to receipt of cash assistance benefits remain CE for those months. If a transfer of property makes a client ineligible for cash assistance in a previous month the CE status is not affected.

WORKER RESPONSIBILITIES

1. When a property transfer has been discovered, determine the date of transfer.
2. Assess whether the transfer occurred to qualify or remain eligible for benefits.
3. Give the client the opportunity to respond by sending a VO1G or a VO4G if the evidence provided appears to substantiate a transfer to qualify for benefits, or more information is needed to make a determination. See **NOTICES and LETTERS**.
4. After the response has been received, determine whether the client had a valid reason to accept less than the Fair Market Value of the resource.
5. Document the transfer of property and any disqualification on the Remarks screen.

EXAMPLE

On 3/26/98 a single parent and child apply and are interviewed for TANF and food assistance. The client owns a second car discovered by the department at the time of the interview. There are no encumbrances on the second vehicle. The FMV of the car is \$10,000.00 and the department denies the application because the client is over the resource limit.

The next day the client responds by selling the car to her brother for \$6,000.00 and reports this change to the department. The client requests a review of her application. At this point, the department establishes a period of disqualification. For applicants, the period of disqualification starts during the month of transfer (March).

The state median income for a two-person household in 1998 is \$2849.00. Thus, \$2849.00 is the NUNCL for the client.

Divide the uncompensated value of the transferred property by the monthly NUNCL. $\$4,000.00 / \$2849.00 = 1.404$ months.

Round down to obtain the number of full months in the period of ineligibility. Round 1.404 down to 1. The period of disqualification will last one month and will be from March 26 to March 31.

Look at eligibility for the months of April and May.

Because the client is still an applicant, determine whether the applicant remaining countable resource (\$6,000.00) is within the cash and food assistance resource limits.

If the applicant's remaining resources are over the resource limits, deny the application, and take no further action on the property transfer.

If the applicant's remaining resources are under the limits, continue with the transfer of property assessment.

EXAMPLE

A single parent and a child approved for TANF and food assistance on 6/2/97. During the eligibility review / recertification on 5/15/98 the department discovers that the client owns a second car and has owned the car since the date of application. The FMV of the car is \$10,000.00. There are no encumbrances on the second car.

On 5/20/98 the client responds to the worker inquiry by selling the car to his sister for \$6,000.00. The client admits to the department that he sold the car to remain eligible for assistance. At this point, the department establishes a period of disqualification. For a recipient, it is the 1st of the month following the date of transfer.

The state median income for a two-person household in 1998 is \$2849.00. Thus, \$2849.00 is the NUNCL for the client.

Divide the uncompensated value of the transferred property by the monthly NUNCL. $\$4000.00 / \$2849.00 = 1.404$ months.

Round down to obtain the number of full months in the period of disqualification. Round 1.404 down to 1. The period of disqualification will be from June 1 through June 30.

If the client sold the car for \$8,000.00 then the uncompensated value would be \$2,000.00. $\$2,000.00 / \$2849.00 = .702$ months. The period of disqualification is less than one month. There is no period of ineligibility for the transfer of property. However, the \$8,000.00 should be considered a nonexempt resource and applied toward the resource ceiling for all programs when determining eligibility.

Regardless of whether a period of disqualification is established or is not, reconstruct eligibility and determine if the second car made household resource ineligible. If so, establish the overpayment during the period of **cash assistance** received. See **FRAUD** and **BENEFIT ERRORS**.

ACES PROCEDURES

Make a determination if the client has transferred countable resources with the intent to qualify or remain eligible for cash and food assistance. If so, calculate a period of disqualification for one or both programs.

NOTE: Resource transfers do not impact eligibility for non-institutionalized clients who receive medical assistance.

1. Processing application / eligibility review:

The (TRAN) screen is used to collect data on non-exempt resources that were transferred prior to the application or during a period of eligibility. Mandatory fields for the (TRAN) screen are:

- Transfer Date
- Discovery Date
- Resource Type
- FMV/Quick Sale Value and Verification
- Amount Received and Verification
- Transfer Type
- Undue Hardship

Press <F1> for appropriate valid value in each field.

NOTE: The Encumbrance Amount and Verification fields are optional. Complete this field if an encumbrance against the value exists.

2. ACES period of disqualification calculation:

- a. A period of ineligibility will be determined when the transfer of property is for the purpose qualifying or remaining eligible for benefits.
- b. Establish the need under normal conditions of living (NUNCL) each month effective the day the transfer took place. Need under normal conditions of living is the state median income depending on household size. See Appendix I – State Median Income chart.
- c. Divide the uncompensated value of transferred property by the monthly NUNCL.

- d. The number of full months in the period of disqualification will be rounded down. If the period of disqualification is under one month, there is no period of disqualification.

3. **Period of disqualification (applicant):**

ACES will not remove the transfer of resource's information on the (TRAN) screen if the period of disqualification is under three months. Remove the information from the appropriate month while in Option [P], Processing. Then go to Option [Q] and finalize the application. See **APPLICATIONS** for instructions.

5. **Resource ineligibility prior to the period of disqualification:**

If ownership of the transferred resource before the period of disqualification made the household resource ineligible, establish the overpayment for the time period that the client was resource ineligible and receiving **cash assistance** only.

- a. See **BENEFIT ERROR** for instructions on processing overpayments.
- b. See **FRAUD** for further instructions to pursue the type of overpayment that needs to be established or follow local office procedures.

APPENDIX I

STATE MEDIAN INCOME CHART

NUMBER IN FAMILY	2001	2000	1999	1998
1	\$2,673	\$2,513	\$2,326	\$2,250
2	\$3,495	\$3,287	\$3,042	\$2,943
3	\$4,401	\$4,060	\$3,758	\$3,635
4	\$5,140	\$4,833	\$4,474	\$4,328
5	\$5,962	\$5,607	\$5,190	\$5,020
6	\$6,784	\$6,380	\$5,906	\$5,713
7	\$6,939	\$6,525	\$6,040	\$5,843
8	\$7,093	\$6,670	\$6,174	\$5,972
9	\$7,247	\$6,815	\$6,308	\$6,102
10	\$7,401	\$6,960	\$6,443	\$6,232
Each Additional Member	+154	+145	+134	+130

NUMBER IN FAMILY	1997	1996	1995	1994
1	\$2,142	\$2,213	\$2,007	\$1,906
2	\$2,801	\$2,894	\$2,625	\$2,492
3	\$3,460	\$3,574	\$3,243	\$3,079
4	\$4,119	\$4,255	\$3,861	\$3,665
5	\$4,778	\$4,936	\$4,478	\$4,252
6	\$5,437	\$5,617	\$5,096	\$4,838
7	\$5,560	\$5,745	\$5,212	\$4,948
8	\$5,684	\$5,873	\$5,328	\$5,058
9	\$5,808	\$6,001	\$5,444	\$5,168
10	\$5,931	\$6,129	\$5,560	\$5,278
Each Additional Member	+124	+128	+116	+110

Years are for the period January 1 through December 31.

For state median income amounts for years prior to 1994 contact Economic Services Administration - Division of Assistance Programs.